

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-15 AID-05 EB-07

NSC-05 CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06

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TO SECSTATE WASHDC PRIORITY 2353

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMCONSUL HONG KONG

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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DEPT PASS TREASURY, CEA AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: JAPAN'S BALANCE OF PAYMENTS IN AUG -- PROVISIONAL

1. JAPAN'S PAYMENTS POSITION, IN TERMS OF ALL MAJOR
BALANCES, DETERIORATED IN AUGUST DUE TO ADVERSE SWING IN
MERCHANDISE TRADE AND LONG-TERM CAPITAL, ACCORDING TO
PRELIMINARY B/P FIGURES. NEVERTHRLESS THE AVERAGE EXCHANGE
RATE FOR THE YEN APPRECIATED BY 1.4 PERCENT, ALMOST AS MUCH
AS 1.5 PERCENT APPRECIATION IN JULY, WHILE RESERVE GAIN WAS
SMALLER IN AUGUST.

2. TRADE SURPLUS (N.S.A.) DECLINED SHARPLY TO \$580 MIL IN
AUG FROM \$1,005 MIL IN JULY AND CURRENT ACCOUNT WAS IN VIRTUAL
BALANCE WITH SURPLUS OF \$40 MIL. AFTER SEASONAL ADJUSTMENT,
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TRADE SURPLUS ALSO DECLINED SHARPLY TO MERELY ONE-HALF OF

THE SURPLUS IN PRIOR MONTH, AND AMOUNTED TO \$359 MIL IN AUG. SEASONALLY ADJUSTED EXPORTS (F.O.B.) REMAINED VIRTUALLY UNCHANGED FROM PRIOR MONTH, AT \$5,304 MIL IN AUG AFTER DECLINING FOR SECOND CONSECUTIVE MONTH. ADJUSTED IMPORTS (F.O.B.) ON THE OTHER HAND, CONTINUED TO RISE FOR THIRD CONSECUTIVE MONTH, RECORDING LARGE 8.3 PERCENT MONTHLY INCREASE IN AUG, AND REACHED \$4,945 MIL.

3. LONG-TERM CAPITAL SWITCHED TO NET OUTFLOWS IN AUG (\$160 MIL) FROM NET INFLOWS IN JULY \$131 MIL). \$320 MIL INFLOWS OF FOREIGN CAPITAL IN AUG WERE SMALLER THAN IN JULY WHEREAS OUTFLOWS OF JAPANESE CAPITAL WERE SUBSTANTIALLY LARGE THAN IN PRIOR MONTH AND AMOUNTED TO \$480 MIL, ACCORDING TO MOF. INCREASED OUTFLOWS OF JAPANESE CAPITAL PRIMARILY RESULTED FROM JAPAN'S CONTRIBUTION TO ADB (\$85 MIL) AND SUBSCRIPTION TO IDB (\$25 MIL). LARGE YEN CREDIT DISBURSEMENTS BY JAPANESE GOVT AS WELL AS HEAVY LENDING ABROAD BY JAPANESE PRIVATE ENTERPRISES (\$166 MIL IN TOTAL) ALSO CONTRIBUTED TO AUG NET OUTFLOWS. NET INFLOWS OF FOREIGN CAPITAL THROUGH BOND ISSUES ABROAD BY JAPANESE ENTERPRISES, ON THE OTHER HAND, WERE SUBSTANTIALLY LESS THAN IN JULY \$218 MIL, TOTALING \$130 MIL IN AUG. FOREIGN INVESTMENTS IN OUTSTANDING JAPANESE SECURITIES WERE ALSO LIGHTER THAN IN JULY \$143 MIL) WITH PURCHASES OF \$130 MIL. (NOTE: FOREIGNERS REMAINED NET BUYERS OF OUTSTANDING BONDS IN AUG (\$160 MIL, BUT WERE

NET SELLERS OF JAPANESE STOCKS (\$30 MIL, ACCORDING TO MOF.)

4. NON-MONETARY SHORT-TERM FUNDS, INCLUDING ERRORS AND OMISSIONS, RECORDED LARGER NET INFLOWS IN AUG \$230 MIL) THAN IN PRIOR MONTH (\$186 MIL. THIS PRIMARILY REFLECTED INCREASED B/C (BILLS FOR COLLECTION) USANCE CREDITS PROVIDED BY OVERSEAS BRANCHES OF JAPANESE COMMERCIAL BANKS TO JAPANESE IMPORTERS, MOF SAID.

5. COMMERCIAL BANKS IN JAPAN AGAIN WERE IMPORTERS OF SHORT-TERM FUNDS IN AUG (\$200 MIL) IN CONTRAST TO NET EXPORTERS IN JULY \$194 MIL. PUBLISHED OFFICIAL RESERVES INCREASED BY \$351 MIL IN AUG, NOT AS MUCH AS IN JULY \$543 MIL, AND UNCLASSIFIED

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TOTALED \$16,291 MIL AT MONTH-END. GOLD AND FOREIGN EXCHANGE TOTALED \$14,447 MIL, GOLD TRANCHE \$1,314 MIL, AND SDR'S \$530 MIL.

6. FOLLOWING ARE PRILIMIARY MOF DATA ON AUG BALANCE OF PAYMENTS IN MIL DOLS (IMF BASIS, NOT SEASONALLY ADJUSTED); RECEIPTS AS WELL AS INCREASE IN RECEIPTS OR DECREASE IN PAYMENTS ARE SHOWN AS PLUS: QUOTE MIN UNQUOTE INDICATES

OPPOSITE:

	AUG	JULY	CHANGE
	PROVISIONAL	REVISED	
(1) CURRENT BALANCE	40	404	MIN 364
TRADE BALANCE	580	1,005	MIN 425
EXPORTS	5,290	5,782	MIN 492
IMPORTS	MIN 4,710	MIN 4,777	67
SERVICES & TRANSFERS	MIN 540	MIN 601	61
(2) LONG-TERM CAPITAL	MIN 160	131	MIN 291
(3) BASIC BALANCE	MIN 120	535	MIN 655
(4) NON-MONETARY SHORT-TERM CAPITAL AND ERRORS AND OMISSIONS			
COMBINED	230	186	44
(5) OVERALL BALANCE	110	721	MIN 611
(6) COMMERCIAL BANKS			
SHORT-TERM NET POSITION	200	MIN 194	394
(7) OFFICIAL SETTLEMENTS BALANCE	310	527	MIN 217

7. SEASONALLY ADJUSTED TRADE DATA (IMF BASIS) AS FOLLOWS:

	AUG	JULY	CHANGE
	PROVISIONAL	REVISED	
EXPORTS	5,304	5,302	2
IMPORTS	MIN 4,945	MIN 4,567	MIN 378
BALANCE	359	735	MIN 376

8. NOTE: RATES OF EXCHANGE USED BY MOF TO CONVERT TO DOL BASIS WERE 294.96 YEN PER DOL FOR JULY 1976 AND 290.95 YEN PER DOL FOR AUG 1976.

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